



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

March 5, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**One National Bank
Charter No. 14818**

**300 West Capitol Avenue
Little Rock, Arkansas 72201**

**Office of the Comptroller of the Currency
Southwestern District
1600 Lincoln Plaza, 500 North Akard
Dallas, Texas 75201-3394**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **One National Bank** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **March 5, 1998**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.*

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

The conclusion is based on the following:

- ▶ The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and the assessment area credit needs.
- ▶ A majority of loans are made in the assessment area.
- ▶ The bank's loan portfolio contains a significant volume of community development loans, i.e. loans that revitalize or stabilize low- or moderate-income geographies.
- ▶ The geographic distribution of loans reflects satisfactory dispersion throughout the assessment area.

The following table indicates the performance level of **One National Bank** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>One National Bank</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan-to-Deposit Ratio		✓	
Lending in Assessment Area		✓	
Community Development Lending		✓	
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes			✓
Geographic Distribution of Loans		✓	
Response to Complaints	No complaints received.		

DESCRIPTION OF INSTITUTION

One National Bank (ONB) is located in Little Rock, Arkansas. ONB reported total assets of \$104 million as of December 31, 1997, and is the sixth largest bank in Little Rock. ONB is an affiliate of One Financial Corporation, a one-bank holding company. Ownership is held by individual shareholders. The bank's primary competition in the assessment area includes seven banks in Pulaski County ranging from \$45 million to \$399 million in asset size; however, there are no other institutions in the assessment area comparable to ONB in size, branch location or customer base. Other competition in the market consists of branches of savings and loan institutions and credit unions. Financial information was not available on these institutions. ONB has eight branches, seven in Little Rock (Pulaski County) and one in Greenbrier (Faulkner County). Four of the eight branches are full service, i.e. lending and deposit services, and the remaining four are deposit-only branches. One branch has opened since the July 5, 1995 CRA Performance Evaluation. No branches have been closed.

ONB's primary loan products are commercial and residential real estate loans including loans to small businesses. The loan portfolio composition as of December 31, 1997, is as follows:

Loan Type	\$ Volume (000)	% of Portfolio
Commercial Real Estate	\$19,000	38%
Commercial	6,000	12%
Instalment Loans	3,000	6%
1-4 Family Residential	22,000	44%
TOTAL	\$50,000	100%

There are no financial constraints that prohibit the bank from meeting assessment area credit needs.

DESCRIPTION OF THE ASSESSMENT AREA

The assessment area consists of Pulaski and Faulkner Counties which are two of the four counties that comprise the Little Rock/North Little Rock Metropolitan Statistical Area (MSA) 4400. The other two counties in the MSA include Lonoke and Saline.

According to 1990 U.S. Census demographic data, Pulaski County has a population of 349,660, and Faulkner County has a population of 60,006. The assessment area consists of 88 active census tracts (CT's) of which 77 are in Pulaski County, and 11 are in Faulkner County. The table below provides the economic breakdown of the geographies and families located in the bank's assessment area.

One National Bank - Pulaski and Faulkner Counties															
Low-Income				Moderate-Income				Middle-Income				Upper-Income			
Census Tracts		Families		Census Tracts		Families		Census Tracts		Families		Census Tracts		Families	
3	3%	21,806	20%	28	31%	19,499	18%	39	44%	23,946	22%	18	20%	44,465	41%

Source: Demographic Data - 1990 U.S. Census

The income designations of the census tracts are based on the MFI of \$31,597 per year, according to 1990 Census Bureau data. The 1997 Department of Housing and Urban Development (HUD) estimated MFI for the Little Rock/North Little Rock MSA at \$42,400. The HUD estimated MFI is used to determine the income level of individual applicants and is updated annually

The local economy for the Little Rock/North Little Rock MSA is growing, but experienced a slowdown in 1996. A decrease in manufacturing jobs is attributable to the slowdown. Local losses in manufacturing were offset by moderate growth in all other sections. Recent job creation has been in the service industry. The December 13, 1997 unemployment rate for Pulaski and Faulkner was 3.4% and 5.8%, respectively. Based on 1990 Business Demographic Data, the assessment area reported 287 farms and 16,665 businesses of which 258 (90%) farms and 11,906 (71%) businesses had gross annual revenues of less than \$1 million.

A total of twenty community contacts were conducted in the assessment area during 1996 and 1997 by four different bank regulatory agencies (OCC, FDIC, OTS, and FRB). Groups and/or individuals contacted included city planners, executive directors of housing authorities, community development corporations (CDCs), community organizations with the primary purpose of creating affordable housing, and organizations that assist small businesses. The predominate needs identified by these contacts included affordable housing and mortgage products, e.g., home purchase and home improvement loans, and loans for small businesses. Due to the number of recent contacts made in the assessment area by the four regulatory agencies, no additional community contacts were made in conjunction with this review.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. ONB's loan-to-deposit ratio has fluctuated since the July 17, 1995 evaluation. The ratio has averaged 53% from September 30, 1995 to December 31, 1997; however, the loan-to-deposit ratio increased to 63% at December 31, 1997. The loan-to-deposit ratios range from 52% to 84% for other lending institutions in the assessment area.

Lending in Assessment Area

A majority of the bank's residential real estate loans are within the assessment area according to the 1997 Home Mortgage Disclosure Act (HMDA) data. The 1997 HMDA data indicates that 36 of 40 loans or 90% were originated in the assessment area. The dollar amount of these loans originated in the assessment area totaled \$3.4 million. A sample of consumer loans originated in 1997 revealed 22 of 27 loans or 81% were made in the assessment area.

Community Development Lending

A community development loan has as its primary purpose community development and includes affordable housing lending for low- and moderate-income individuals, and lending activities that revitalize or stabilize low- and moderate-income geographies. ONB's lending staff compiled a list of credits they considered community development loans according to the definition above. After a review of these credits, it was determined that ONB's loan portfolio contains approximately \$8.6 million of community development loans. The majority of these loans are to finance affordable housing developments primarily for low- and moderate-income individuals.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The distribution of borrowers reflects, given the demographics of the assessment area, poor penetration among individuals of different income levels (including low- and moderate-income). For this analysis, the 1997 HMDA data and a sample of consumer loans originated in 1997 were used to determine the income distribution of borrowers.

<i>Distribution of Loans in Assessment Area by Borrower Income</i>								
Income Levels	Low		Moderate		Middle		Upper	
	%		%		%		%	
Family Characteristics	21,806	20%	19,499	18%	23,946	22%	44,465	41%
Number of Loans	5	9%	7	12%	7	12%	39	67%
Dollar Volume(\$000's)	\$32	1%	\$51	1%	\$240	7%	\$3,206	91%

A sample of 20 business loans was used to determine if ONB is making loans to businesses of different sizes. From the sample taken, ONB has a satisfactory record of making loans to small businesses. Out of the 20 business loans sampled in the assessment area, 11 businesses reported gross annual revenues of less than \$1 million.

Geographic Distribution of Loans

The geographic distribution of loans reflects satisfactory dispersion throughout the assessment area. The geographic distribution of the 1997 HMDA loans and the sample of consumer loans originated in 1997 shows that 15 or 26% were made in moderate-income CT's, 12 or 21% were made in middle-income CT's, and 31 or 53% were made in upper-income CT's.

Response to Complaints

No complaints have been received from the public in the prior two years that specifically relate to the bank's performance in helping to meet community credit needs.

ADDITIONAL INFORMATION

Discrimination or Other Illegal Credit Practices

A Fair Lending review was conducted in conjunction with the bank's CRA evaluation. The sample criteria included unsecured loans to individuals. No evidence of discrimination or disparate treatment was noted during this review. ONB is in technical compliance with fair lending laws and regulations.